

Regular Session, 2010

HOUSE BILL NO. 858

BY REPRESENTATIVE GALLOT

DISTRICTS/TAXING: Provides relative to economic development districts created by local governmental subdivisions and for the use of tax proceeds collected by such districts

1 AN ACT

2 To amend and reenact R.S. 33:9038.32(C) and 9038.36, relative to economic development
3 districts; to provide relative to districts created by local governmental subdivisions;
4 to provide additional procedures with respect to the creation of such districts; to
5 provide relative to district funding; to authorize the districts to dedicate a portion of
6 tax proceeds to finance economic development projects; and to provide for related
7 matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 33:9038.32(C) and 9038.36 are hereby amended and reenacted to
10 read as follows:

11 §9038.32. Creation of economic development district

12 * * *

13 C.(1) Prior to the adoption of the ordinance, a notice describing the
14 boundaries of the proposed district or containing a map showing the boundaries of
15 the district shall be published two times in the official journal of the local
16 governmental subdivision.

17 (2) Notwithstanding any other provision of law to the contrary, if the
18 governing authority of a municipality proposes to establish, by ordinance, an
19 economic development district whose boundaries include any portion of the

1 unincorporated territory of a parish, then the governing authority of the municipality
2 shall not adopt the ordinance to create any such district without the prior written
3 consent of the governing authority of the parish.

4 (3) Notwithstanding any other provision of law to the contrary, if the
5 governing authority of a parish proposes to establish, by ordinance, an economic
6 development district whose boundaries include any territory located within the
7 corporate limits of a municipality, then the governing authority of the parish shall not
8 adopt the ordinance to create any such district without the prior written consent of
9 the governing authority of the municipality.

10 * * *

11 §9038.36. Items which are included in the costs of an economic development project

12 A. The costs of an economic development project incurred by the local
13 governmental subdivision or other authorized entity may include the sum total of all
14 reasonable or necessary costs incurred incidental to or in furtherance of an economic
15 development project, including but not limited to the following, providing that any
16 such costs are reasonably related or attributable to an approved economic
17 development plan:

18 (1) Costs of studies, surveys, development of plans and specifications,
19 preparation, implementation and administration of an economic development plan,
20 personnel and professional service costs for architectural, engineering, legal,
21 marketing, financial, planning, police, fire, public works, or other services, provided
22 that no charges for professional services may be based on a percentage of
23 incremental tax revenues, and specifically including, without limitation, payments
24 to developers or other nongovernmental persons as reimbursement for on- and off-
25 site preparation costs incurred on behalf of, and the payment of which is approved
26 by, the local governmental subdivision or other authorized entity.

27 (2) Property acquisition and assembly costs within an economic development
28 district, specifically approved by the local governmental subdivision or other

1 authorized entity, including but not limited to acquisition of land and other real or
2 personal property or rights or interests therein.

3 (3) On- and off-site preparation costs, specifically approved by the local
4 governmental subdivision or other authorized entity, including but not limited to
5 clearance of any area within or about an economic development district by
6 demolition or removal of any existing buildings, structures, fixtures, utilities and
7 improvements, and clearing and grading and, including without limitation
8 installation, repair, construction, reconstruction, or relocation of public streets, public
9 utilities, and other public improvements within or without an economic development
10 district which are essential to the preparation of an economic development district
11 for use in accordance with an economic development plan.

12 (4) Costs of renovation, rehabilitation, relocation, repair, or remodeling of
13 any existing buildings, improvements, and fixtures within an economic development
14 district, specifically approved by the local governmental subdivision or other
15 authorized entity.

16 (5) Costs of construction within or about an economic development district
17 of public improvements, specifically approved by the local governmental subdivision
18 or other authorized entity, including but not limited to buildings, structures, works,
19 utilities, or fixtures.

20 (6) Financing costs of the local governmental subdivision or other authorized
21 entity, including but not limited to all necessary and incidental expenses related to
22 the issuance of obligations, payment of any interest on any obligations issued
23 hereunder which accrues during the estimated period of construction of any
24 economic development project for which such obligations are issued and thereafter,
25 and any reasonable reserves related to the issuance of such obligations.

26 (7) All or a portion of a local governmental subdivision or other authorized
27 entity capital costs resulting from an economic development project necessarily
28 incurred or estimated to be incurred by a local governmental subdivision or other
29 authorized entity incidental to or in the furtherance of the objectives of an economic

development project, to the extent that the local governmental subdivision or other authorized entity by written agreement accepts and approves such costs.

B. The governing authority of an economic development district may, pursuant to an intergovernmental agreement, dedicate a portion of ad valorem, sales, or hotel occupancy taxes, or any combination thereof, collected within the boundaries of a district pursuant to this Part, for use in the financing of an economic development project located within the boundaries of any local governmental subdivision or economic development district.

* * *

Section 2. This Act shall become effective on July 1, 2010; if vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on July 1, 2010, or on the day following such approval by the legislature, whichever is later.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Gallot

HB No. 858

Abstract: Relative to economic development districts created by local governmental subdivisions, provides additional procedures for the creation of such districts and provides for use of tax proceeds collected by the districts.

Present law defines "local governmental subdivision" as any municipality or parish or any municipality, parish, local industrial board, or local public trust authorized pursuant to present law (R.S. 33:9038.33(N) or 9038.34(N)) having jurisdiction over the geographical area bounded by the Mississippi River, the Orleans/Jefferson parish line, and the Orleans/Plaquemines parish line. Authorizes any local governmental subdivision to establish, by ordinance, an economic development district. Requires that the ordinance designate the boundaries of the district. Requires the local governmental subdivision, prior to the adoption of the ordinance, to publish a notice describing the boundaries of the proposed district or containing a map showing the boundaries of the district. Requires that the notice be published twice in the official journal of the local governmental subdivision.

Proposed law retains present law.

Proposed law requires the governing authority of a municipality, prior to the adoption of an ordinance to create a district, to receive the written consent of the governing authority of a parish if the boundaries of the district being proposed by the municipality include any portion of the unincorporated territory of the parish. Additionally requires the governing authority of a parish, prior to the adoption of an ordinance to create a district, to receive the written consent of the governing authority of a municipality if the boundaries of the district being proposed by the parish include any territory located within the corporate limits of the municipality.

Present law authorizes a local governmental subdivision or tax recipient entity to issue revenue bonds payable from revenues generated by economic development projects with a pledge and dedication of up to the full amount of ad valorem or sales tax increments annually to be used as a guaranty of any shortfall. Additionally authorizes the local governmental subdivision or tax recipient entity to issue revenue bonds payable directly from an irrevocable pledge and dedication of up to the full amount of the increments to finance or refinance all or any part of an economic development project.

Proposed law retains present law.

Present law provides that the costs of an economic development project incurred by the local governmental subdivision or other authorized entity may include the sum total of all reasonable or necessary costs incurred incidental to or in furtherance of an economic development project, including but not limited to costs associated with studies and surveys, the implementation and administration of an economic development plan, property acquisition and assembly, and the renovation, rehabilitation, relocation, repair, or remodeling of any existing buildings, improvements, and fixtures.

Present law authorizes a district, subject to voter approval, to levy ad valorem taxes, sales taxes, or hotel occupancy taxes within the district up to five mills of ad valorem taxes, up to two percent of sales taxes, or up to two percent of hotel occupancy taxes, or any combination of such taxes. Provides that the taxes shall be in addition to any other ad valorem taxes, sales taxes, or hotel occupancy taxes, or combination of such taxes, then in existence or permitted to be in existence within the district. Requires the district to publish notice in the official journal of the district once a week for two weeks at least 14 days before a public hearing to hear objections to the proposed taxes.

Proposed law retains present law.

Proposed law authorizes a district, pursuant to an intergovernmental agreement, to dedicate a portion of ad valorem, sales, or hotel occupancy taxes, or any combination thereof, collected within the boundaries of the district, for use in the financing of an economic development project located within the boundaries of another local governmental subdivision or economic development district.

Effective July 1, 2010.

(Amends R.S. 33:9038.32(C)(2) and 9038.36)